Distr.
GENERAL

GC.10/2
3 June 2002

United Nations Industrial Development Organization

ORIGINAL: ENGLISH

GENERAL CONFERENCE

Tenth session
Vienna, 1-5 December 2003

REPORT OF THE INDUSTRIAL DEVELOPMENT BOARD ON THE WORK OF ITS TWENTY-FIFTH SESSION

(15-16 May 2002)

CONTENTS

		Paragraphs	*Page*
Introduction		1-2	2
Chapter			
I.	ORGANIZATIONAL MATTERS	3-16	2
II.	ANNUAL REPORT OF THE DIRECTOR-GENERAL ON THE ACTIVITIES OF THE ORGANIZATION IN 2001	17	3
III.	FINANCIAL SITUATION OF UNIDO	18	3
IV.	INVESTMENT AND TECHNOLOGY PROMOTION OFFICES	19	3
V.	UNIDO INVOLVEMENT IN MAJOR INTERNATIONAL CONFERENCES	20	3
VI.	JOINT INSPECTION UNIT ACTIVITIES RELEVANT TO UNIDO	21	3
VII.	MATTERS RELATED TO INTERGOVERNMENTAL, NON-GOVERNMENTAL, GOVERNMENTAL AND OTHER ORGANIZATIONS	22	3
VIII.	PROVISIONAL AGENDA AND DATE OF THE TWENTY-SIXTH SESSION	23	3
IX.	ADOPTION OF THE REPORT	24	4
X.	CLOSURE OF THE SESSION	25	4
Annexes			
I.	DECISIONS ADOPTED BY THE BOARD AT ITS TWENTY-FIFTH SESSION		5
II.	DOCUMENTS SUBMITTED TO THE BOARD AT ITS TWENTY-FIFTH SESSION		12

For reasons of economy, this document has been printed in a limited number. Delegates are kindly requested to bring their copies of documents to meetings.

V.02-55217 (E)

Distr.: 20 June 2002

Introduction

1. The report of the Industrial Development Board on the work of its twenty-fifth session is presented to the General Conference in accordance with Article 9.4 (c) of the Constitution. The summary records of the Board (IDB.25/SR.1-4), where the details of the proceedings are contained, form an integral part of the present report.

2. The following decision of the Board, reproduced in annex I, is related to the work of the General Conference at its tenth session:

IDB.25/Dec.7	Investment and Technology Promotion Offices

I. ORGANIZATIONAL AND PROCEDURAL MATTERS

3. The twenty-fifth session of the Board was held at UNIDO Headquarters, Vienna International Centre, from 15 to 16 May 2002 (4 plenary meetings—see IDB.25/SR.1-4).

Participation

4. All 53 members of the Board were represented at the session: Algeria, Austria, Belarus, Belgium, Bolivia, Bulgaria, Burkina Faso, Chile, China, Colombia, Côte d'Ivoire, Croatia, Cuba, Denmark, Ecuador, Egypt, Ethiopia, France, Germany, Ghana, Greece, Guatemala, Hungary, India, Indonesia, Iran (Islamic Republic of), Ireland, Italy, Japan, Jordan, Kenya, Lesotho, Libyan Arab Jamahiriya, Luxembourg, Morocco, Nigeria, Pakistan, Peru, Philippines, Republic of Korea, Russian Federation, Saudi Arabia, Spain, Sri Lanka, Sudan, Sweden, Switzerland, Thailand, Tunisia, Turkey, United Kingdom of Great Britain and Northern Ireland, Uruguay, Venezuela.

5. The following 37 Member States of UNIDO also participated in the session: Angola, Argentina, Armenia, Azerbaijan, Bosnia and Herzegovina, Brazil, Cape Verde, Czech Republic, Democratic People's Republic of Korea, Finland, Georgia, Iraq, Kuwait, Lebanon, Lithuania, Malaysia, Malta, Mexico, Namibia, Netherlands, Oman, Panama, Poland, Portugal, Romania, Senegal, Sierra Leone, Slovakia, South Africa, The former Yugoslav Republic of Macedonia, Ukraine, United Arab Emirates, United Republic of Tanzania, Viet Nam, Yemen, Yugoslavia, Zimbabwe.

6. The Holy See participated as observer.

7. The permanent observer of Palestine also participated.

8. The following United Nations bodies were represented: United Nations—Joint Inspection Unit, United Nations Development Programme, United Nations Office at Vienna.

9. The following United Nations specialized agency was represented: International Atomic Energy Agency.

10. The following other intergovernmental organizations were represented: European Commission, International Centre for Genetic Engineering and Biotechnology, International Institute of Refrigeration, International Organization for Migration.

11. The following non-governmental organizations were represented: African Technology Development Link, Association of Former United Nations Industrial Development Experts, Austrian Senior Experts Pool, Austro-Arab Chamber of Commerce, Centre d'appui au développement alimentaire, DEULA-Nienburg (German Academy for Agriculture and Technology), Institut supérieur de gestion, International Energy Foundation, International Organization for Standardization, International Organization of Employers, International Organization of Experts.

Opening of the session

12. The twenty-fifth session of the Board was declared open by the President of the twenty-fourth session, Mr. P. Hosseini (Islamic Republic of Iran).

Officers of the session

13. In accordance with rule 23 of its rules of procedure, the Board elected by acclamation Mr. I. Horváth (Hungary) as President; Mr. R. González Aninat (Chile), Mr. S. Shoukry (Egypt), Mr. Y. Takasu (Japan) as Vice-Presidents; and Mr. M. Hamedani (Islamic Republic of Iran) as Rapporteur.

Agenda for the session

14. With an amendment, the Board adopted the following agenda:

1. Election of officers.
2. Adoption of the agenda.
3. Annual report of the Director-General on the activities of the Organization in 2001.
4. Financial situation of UNIDO.
5. Investment and Technology Promotion Offices.
6. UNIDO involvement in major international conferences.

7. Joint Inspection Unit activities relevant to UNIDO.

8. Matters related to intergovernmental, non-governmental, governmental and other organizations.

9. Provisional agenda and date of the twenty-sixth session.

10. Adoption of the report.

15. The Board adopted a proposal by the President to ensure the maximum utilization of available conference-servicing resources (see annex I, decision IDB.25/Dec.1, IDB.25/SR.1, paras. 50 to 51).

16. The Board decided to set up informal, in-session consultations with the aim of facilitating the drafting of decisions and entrusted Vice-President Mr. Y. Takasu (Japan) to chair those consultations (see IDB.25/SR.2, paras. 34 to 35).

II. ANNUAL REPORT OF THE DIRECTOR-GENERAL ON THE ACTIVITIES OF THE ORGANIZATION IN 2001

17. The Board had before it the Annual Report of the Director-General on the activities of the Organization in 2001 (IDB.25/2), an addendum thereto containing the programme performance report (IDB.25/2/Add.1) and two conference room papers: a note by the Secretariat on the status of integrated programmes (IDB.25/CRP.7) and a proposal of Japan for a UNIDO strategy paper (IDB.25/CRP.8). The debate on item 3 is reflected in summary records IDB.25/SR.1, paragraphs 52 to 77, IDB.25/SR.2, paragraphs 36 to 120 and IDB.25/SR.3, paragraphs 1 to 78. The Board considered two draft decisions submitted by the President (IDB.25/L.8 and IDB.25/L.7) and adopted decisions IDB.25/Dec.2 and IDB.25/Dec.3 (see annex I).

III. FINANCIAL SITUATION OF UNIDO

18. The Board had before it a report by the Director-General on the financial situation of UNIDO (IDB.25/6) and a note by the Secretariat on a proposed payment plan for Azerbaijan (IDB.25/8). In addition, the Board had before it three conference room papers containing notes by the Secretariat on: transition to a single currency system (IDB.25/CRP.3), Financial Regulations of UNIDO (IDB.25/CRP.4) and an update on the financial situation (IDB.25/CRP.6). The debate on item 4 is reflected in summary records IDB.25/SR.3, paragraphs 79 to 93 and IDB.25/SR.4, paragraphs 1 to 2. The Board considered three draft decisions submitted by the President (IDB.25/L.4, IDB.25/L.10 and IDB.25/L.11) and adopted decisions IDB.25/Dec.4, IDB.25/Dec.5 and IDB.25/Dec.6 (see annex I).

IV. INVESTMENT AND TECHNOLOGY PROMOTION OFFICES

19. The Board had before it a report by the Director-General on Investment and Technology Promotion Offices (IDB.25/4) and a conference room paper containing a note by the Secretariat on the same subject (IDB.25/CRP.5). The debate on item 5 is reflected in summary record IDB.25/SR.4, paragraphs 3 to 14. The Board considered a draft decision submitted by the President (IDB.25/L.5) and adopted decision IDB.25/Dec.7 (see annex I).

V. UNIDO INVOLVEMENT IN MAJOR INTERNATIONAL CONFERENCES

20. The Board had before it a report by the Director-General on UNIDO involvement in major international conferences (IDB.25/3). The debate on item 6 is reflected in summary record IDB.25/SR.4, paragraphs 15 to 31. The Board considered a draft decision submitted by the President (IDB.25/L.6) and adopted decision IDB.25/Dec.8 (see annex I).

VI. JOINT INSPECTION UNIT ACTIVITIES RELEVANT TO UNIDO

21. The Board had before it a report by the Director-General on Joint Inspection Unit activities relevant to UNIDO (IDB.25/5). The debate on item 7 is reflected in summary record IDB.25/SR.4, paragraphs 32 to 42. The Board considered a draft decision submitted by the President (IDB.25/L.9) and adopted decision IDB.25/Dec.9 (see annex I).

VII. MATTERS RELATED TO INTERGOVERNMENTAL, NON-GOVERNMENTAL GOVERNMENTAL AND OTHER ORGANIZATIONS

22. The Board had before it a note by the Director-General containing an application from a non-governmental organization for consultative status (IDB.25/7). The debate on item 8 is reflected in summary record IDB.25/SR.4, paragraphs 43 and 70 to 71. The Board considered a draft decision submitted by the President (IDB.25/L.2) and adopted decision IDB.25/Dec.10 (see annex I).

VIII. PROVISIONAL AGENDA AND DATE OF THE TWENTY-SIXTH SESSION

23. The Board had before it a conference room paper containing a note by the Director-General on the provisional agenda and date of the twenty-sixth session (IDB.25/CRP.2). The debate on item 9 is reflected in summary record IDB.25/SR.4, paragraphs 72 to 78. The Board considered a draft decision submitted by the

President (IDB.25/L.3/Rev.1) and adopted decision IDB.25/Dec.11 (see annex I).

IX. ADOPTION OF THE REPORT

24. The Board considered the draft report (IDB.25/L.1) and adopted it as a whole with the understanding that the Rapporteur would be entrusted with the task of finalizing the report (see summary record IDB.25/SR.4, paras. 79 to 81).

X. CLOSURE OF THE SESSION

25. On 16 May 2002, at 6.20 p.m., the Board closed its twenty-fifth session (see IDB.25/SR.4, paras. 83 to 84).

Annex I

DECISIONS ADOPTED BY THE BOARD AT ITS TWENTY-FIFTH SESSION

Decision No.	Title	Page
IDB.25/Dec.1	Utilization of available conference-servicing resources (IDB.25/SR.1, paras. 50 to 51)	6
IDB.25/Dec.2	Annual report of the Director-General on the activities of the Organization in 2001 IDB.25/SR.4, paras. 47 to 48)	6
IDB.25/Dec.3	Strengthening the regional dimension in the activities of UNIDO (IDB.25/SR.4, paras. 47 to 48)	6
IDB.25/Dec.4	Financial situation of UNIDO (IDB.25/SR.4, paras. 52 to 53)	6
IDB.25/Dec.5	Funds mobilization for integrated programmes (IDB.25/SR.4, paras. 54 to 59)	6
IDB.25/Dec.6	Proposed payment plan for Azerbaijan (IDB.25/SR.4, paras. 60 to 63)	7
IDB.25/Dec.7	Investment and Technology Promotion Offices (IDB.25/SR.4, paras. 64 to 65)	7
IDB.25/Dec.8	UNIDO involvement in major international conferences (IDB.25/SR.4, paras. 66 to 67)	9
IDB.25/Dec.9	Joint Inspection Unit activities relevant to UNIDO (IDB.25/SR.4, paras. 68 to 69)	10
IDB.25/Dec.10	Application from a non-governmental organization for consultative status (IDB.25/SR.4, paras. 70 to 71)	10
IDB.25/Dec.11	Provisional agenda and date of the twenty-sixth session (IDB.25/SR.4, paras. 72 to 78)	10

IDB.25/Dec.1 UTILIZATION OF AVAILABLE CONFERENCE-SERVICING RESOURCES

The Industrial Development Board, with the aim of utilizing the available conference-servicing resources to the maximum possible effect, decided to suspend with immediate effect rule 32 of its rules of procedure relating to the quorum, for the meetings of its twenty-fifth session only and provided no substantive decisions were taken at those meetings.

1st plenary meeting
15 May 2002

IDB.25/Dec. 2 ANNUAL REPORT OF THE DIRECTOR-GENERAL ON THE ACTIVITIES OF THE ORGANIZATION IN 2001

The Industrial Development Board:

(a) Took note of the Annual Report of the Director-General on the activities of the Organization in 2001 (IDB.25/2);

(b) Noted that UNIDO had reached a period of relative stability and growth, and had increased considerably its financial performance and programme delivery;

(c) Affirmed that the profile of the Organization as a catalyst for industrial development of the developing countries and countries with economies in transition would be enhanced by the widest possible membership, and encouraged Member States of the United Nations that were not members of UNIDO to consider joining/rejoining the Organization as early as possible;

(d) Requested the Director-General, in a coordinated effort with Member States, to begin consultations with non-Member States with a view to encouraging them to join/rejoin the Organization;

(e) Requested the Director-General to keep Member States regularly informed and to report to the Board at its twenty-sixth session.

4th plenary meeting
16 May 2002

IDB.25/Dec.3 STRENGTHENING THE REGIONAL DIMENSION IN THE ACTIVITIES OF UNIDO

The Industrial Development Board:

(a) Took note of the Annual Report of the Director-General on the activities of UNIDO in 2001, and in particular on the regional dimension;

(b) Recognized the cost efficiency and the participatory nature of the regional programmes of UNIDO;

(c) Encouraged the Director-General to study wherever appropriate the feasibility of regional programmes in those fields where UNIDO had proven comparative advantages, inter alia, in technology foresight, environment management, agro-industry and trade facilitation;

(d) Encouraged Member States to join UNIDO's regional programmes and initiatives and to support them;

(e) Requested the Director-General to keep the Board informed on the progress achieved in the regional programmes.

4th plenary meeting
16 May 2002

IDB.25/Dec.4 FINANCIAL SITUATION OF UNIDO

The Industrial Development Board:

(a) Took note of the information provided in document IDB.25/6;

(b) Also took note of the information on the implementation of General Conference decision GC.9/Dec.10 (IDB.25/6, chap. VI);

(c) Urged those Member States and former Member States that had not yet paid their assessed contributions, including advances to the Working Capital Fund and prior years' arrears, to do so without delay;

(d) Requested the Director-General to pursue his efforts and contacts with Member States to effect the collection of arrears.

4th plenary meeting
16 May 2002

IDB.25/Dec.5 FUNDS MOBILIZATION FOR INTEGRATED PROGRAMMES

The Industrial Development Board:

(a) Recalled its decision IDB.17/Dec.2 concerning the Business Plan on the Future Role and Functions of UNIDO;

(b) Took note of the important role of integrated programmes in the industrial development of the developing countries and countries with economies in transition and the need to support the funds mobilization efforts for their implementation;

(c) Was concerned with the present shortage of funds for the implementation of the integrated programmes;

(d) Aware that the integrated programmes were not static, considered that any adjustment should be made only after mutual consultations between the Secretariat and the respective recipient country, in order to ensure an optimal and efficient utilization of resources available to the Organization;

(e) Welcomed the contribution made by the Member States, donors and recipient countries towards the funding of the integrated programmes;

(f) Called upon Member States to continue to support funds mobilization for the implementation of integrated programmes;

(g) Requested recipient countries to share with UNIDO the funds mobilization efforts and specifically to assist in identifying and accessing funds available at the country level, both domestic resources, including cost-sharing arrangements, and funds from bilateral donors, UNDP, the World Bank and other development finance institutions;

(h) Requested the Director-General to continue and strengthen the efforts to mobilize resources from existing donors and through new and innovative sources of funds;

(i) Requested the Director-General to maintain a continuous dialogue with Member States in order to actively sustain the common resource mobilization efforts and to report on progress made to the Board at its twenty-sixth session.

4th plenary meeting
16 May 2002

IDB.25/Dec.6 PROPOSED PAYMENT PLAN FOR AZERBAIJAN

The Industrial Development Board:

(a) Recalled Article 15 of the UNIDO Constitution and Article 5.5 (b) of the Financial Regulations of UNIDO;

(b) Recalled its decision IDB.19/Dec.5;

(c) Also recalled the report of the open-ended discussion group on timely payment of assessed contributions (IDB.19/12 and Corr.1), in particular paragraphs 13 and 14;

(d) Further recalled General Conference decision GC.9/Dec.12;

(e) Welcomed the intention of Azerbaijan to settle its arrears, and took note of document IDB.25/8;

(f) Noted the special circumstances faced by Azerbaijan and the amount owed for the period 1993 to 2001;

(g) Authorized the Director-General to negotiate a payment plan with Azerbaijan and requested him to report thereon to the Board at its twenty-sixth session.

4th plenary meeting
16 May 2002

IDB.25/Dec.7 INVESTMENT AND TECHNOLOGY PROMOTION OFFICES

The Industrial Development Board:

(a) Recalled General Conference resolution GC.3/Res.19 of 24 November 1989 and decision GC.6/Dec.12 of 8 December 1995;

(b) Took note of the report by the Director-General on Investment and Technology Promotion Offices (IDB.25/4);

(c) Recognized the necessity to update the Guidelines for the Functioning of the Investment and Technology Promotion Offices in view of significant programmatic and administrative changes in UNIDO since 1995, in particular those related to the transfer of industrial technologies as one of the most important components of industrial growth of developing countries and countries with economies in transition;

(d) Took note of the change of the name from Investment Promotion Services to Investment and Technology Promotion Offices (ITPOs);

(e) Encouraged the Director-General, in close collaboration with other relevant multilateral organizations, to continue to increase the number of Investment and Technology Promotion Offices where appropriate, to strengthen the networking capacities between those Offices and to report regularly on the work performed and the results achieved by them;

(f) Affirmed that financing Investment and Technology Promotion Offices, which should be borne by the host countries, should not be carried out to the detriment of the integrated programmes;

(g) Recommended to the General Conference the adoption of the following draft decision:

"The General Conference:

"(i) Recalls its resolution GC.3/Res.19 and decision GC.6/Dec.12;

"(ii) Takes note of the report by the Director-General on Investment and Technology Promotion Offices (IDB.25/4);

"(iii) Also takes note of Board decision IDB.25/Dec.7;

"(iv) Decides to amend the Guidelines for the Functioning of the Investment and Technology Promotion Offices in accordance with the annex to the present decision."

4th plenary meeting
16 May 2002

Annex

Guidelines for the Functioning of the Investment and Technology Promotion Offices

Objective

The objective of the UNIDO Investment and Technology Promotion Offices (ITPOs) is to contribute to the industrial development and economic growth of developing countries and countries with economies in transition by identifying and mobilizing the technical, financial, managerial and other resources required for the implementation of specific industrial investment and technology projects in these countries with local partners of such projects.

Mandate

(a) In industrialized countries: These offices shall devote themselves exclusively to promoting industrial investment and technology from their host countries to developing countries and countries with economies in transition;

(b) In developing countries and countries with economies in transition: While having as their main objective the promotion of industrial investment and technology from their host countries to other developing countries and countries with economies in transition, these offices may also promote industrial investment and technology from abroad to their host countries.

Activities

(a) To build contacts with enterprises in the host countries willing to consider a business venture with a partner in a developing country or country with economy in transition or to provide inputs for such a venture;

(b) To assess investment and technology projects, the details of which have been supplied by UNIDO Headquarters or other sources, with a view to determining whether an enterprise can be found in the host countries that will be able and willing to supply the foreign resources sought for such projects;

(c) To utilize their contacts with host country enterprises for the promotion of the foreign resources sought by local partners; to provide information on individual local partners and on the climate for investment and technology transfer in the developing countries or countries with economies in transition concerned;

(d) To bring the local partner and the prospective foreign partner into direct contact through UNIDO investment and technology project promotion programmes, meetings, forums and through any other appropriate means with a view to their commencing negotiations on cooperating in the implementation of the project;

(e) To support and assist both parties in their negotiations and in completing the pre-investment activities, up to the stage at which the parties can conclude a written agreement to implement the project;

(f) To assist developing countries and countries with economies in transition in arousing the interest of potential foreign partners in industrial business opportunities and in the incentives offered by those countries, by receiving delegations representing both the public and private sector and arranging direct contacts between the members of those delegations and the industrial and financial communities of the host countries;

(g) To assist the developing countries and countries with economies in transition in building and strengthening national capabilities for attracting foreign investment and technology by hosting delegations from developing countries and countries with economies in transition and providing them with on-the-job orientation through the promotion vis-à-vis potential foreign partners of specific business opportunities in their home countries;

(h) To gather, present and disseminate information on specific manufacturing facilities that enterprises in their host countries seek to establish in developing countries and in countries with economies in transition through a business partnership with a local entrepreneur; to assist in identifying local partners and help both parties to conclude an agreement;

(i) To undertake such other activities as are conducive to the achievement of the objectives of ITPOs.

Funding arrangements

ITPOs shall be financed by their host countries, which shall make voluntary contributions to UNIDO adequate to meet the costs to the Organization. The funding for all expenditures, including the charge for programme support services (overhead charge), shall be provided in convertible currencies, except that in countries with non-convertible currencies, funding for expenditures of ITPOs in local currency may be provided in such local currency, while the funding for all other expenditures, including the charge for programme support services (overhead charge), shall be provided in convertible currency.

When requested by an interested country, UNIDO shall endeavour to arrange extrabudgetary financing for the installation and operating expenses of ITPOs established in developing countries or countries with economies in transition.

ITPOs may also raise additional resources by charging fees for services rendered on a cost-reimbursement basis.

Personnel arrangements

The Heads of the ITPOs will be appointed by the Director-General of UNIDO in accordance with the regulations, rules and procedures of UNIDO and after consultation with the host Governments. UNIDO will operate and supervise the ITPOs. The Heads will either be appointed under the 200 series of the UNIDO staff rules and have the status of international project personnel or will be appointed as a locally-recruited National Professional Officer, to whom the local salary scales apply as established for each duty station by the International Civil Service Commission (ICSC) for this particular category of Professional staff. For other staff, salaries will be determined on the basis of discussions between the host countries and the UNIDO Secretariat.

Legal arrangements

ITPOs shall be established and maintained pursuant to agreements concluded between each host Government and the Director-General of UNIDO.

IDB.25/Dec.8 UNIDO INVOLVEMENT IN MAJOR INTERNATIONAL CONFERENCES

The Industrial Development Board:

(a) Recalled resolution GC.9/Res.3 concerning the International Conference on Financing for Development and the World Summit on Sustainable Development;

(b) Noted the report by the Director-General on UNIDO involvement in major international conferences (IDB.25/3);

(c) Welcomed UNIDO's active participation in the Conference at Monterrey, Mexico, in particular its initiative on "Enabling developing countries to participate in international trade—Strengthening the supply capacity";

(d) Noted with appreciation the substantive results achieved at that Conference as embodied in the Monterrey Consensus, especially its provisions concerning increased activities in capacity-building;

(e) Urged the Director-General to continue his efforts to enhance UNIDO's profile and to ensure UNIDO was recognized by the international development community as having a role to play in helping developing countries, particularly least developed countries in Africa, as well as countries with economies in transition, to overcome supply-side constraints and take advantage of improved market access for their products;

(f) Encouraged the Director-General to continue his efforts to enhance cooperation with all relevant stakeholders, particularly the World Trade Organization, United Nations Conference on Trade and Development and International Trade Centre UNCTAD/WTO, to deliver technical assistance to developing countries and countries with economies in transition in order to overcome technical barriers to trade, while avoiding duplication and overlap;

(g) Welcomed the active participation of UNIDO in the process of preparations for the World Summit on Sustainable Development at Johannesburg, South Africa, and reaffirmed the importance of UNIDO's continued involvement, in order to achieve the targets of sustainable development;

(h) Requested the Director-General to continue to work closely with Member States and in partnership with all other relevant stakeholders in an effort to ensure that the outcomes of the World Summit on Sustainable Development include activities and goals that were relevant to UNIDO's comparative advantages and to which it could contribute;

(i) Requested the Director-General to keep Member States regularly informed and to report to the Board at its twenty-sixth session.

4th plenary meeting
16 May 2002

IDB.25/Dec. 9 JOINT INSPECTION UNIT ACTIVITIES RELEVANT TO UNIDO

The Industrial Development Board:

(a) Recalled its decision IDB.24/Dec.11;

(b) Took note of the report on activities of the Joint Inspection Unit (JIU) (IDB.25/5), and of the recommendations of the Unit contained therein from three reports, as well as the views of UNIDO thereon;

(c) Noted in particular recommendations 1 to 3 of the Unit in its report entitled "Enhancing governance oversight role: Structure, working methods and practices on handling oversight reports" (JIU/REP/2001/4), directed to legislative organs, as well as the views of UNIDO thereon, and in that respect:

(i) Considered that the governance structures, terms of reference, modus operandi, composition and efficiency/effectiveness of the Industrial Development Board needed to be reviewed regularly against the thrust of the recommendations mentioned above;

(ii) Requested the Director-General to include, in future reports on JIU activities of relevance to UNIDO, information on compliance with JIU recommendations with regard to substantive and thematic issues and follow-up thereon, in accordance with the system of follow-up to JIU recommendations (IDB.24/18, paras. 12 and 13).

4th plenary meeting
16 May 2002

IDB.25/Dec.10 APPLICATION FROM A NON-GOVERNMENTAL ORGANIZATION FOR CONSULTATIVE STATUS

The Industrial Development Board:

(a) Took note of the information provided in document IDB.25/7;

(b) Decided, in accordance with Article 19.1 (b) of the Constitution and the guidelines for the relationship of UNIDO with intergovernmental, governmental, non-governmental and other organizations (General Conference decision GC.1/Dec.41, annex, para. 17) to grant consultative status with UNIDO to the non-governmental organization World Vision International (WVI).

4th plenary meeting
16 May 2002

IDB.25/Dec.11 PROVISIONAL AGENDA AND DATE OF THE TWENTY-SIXTH SESSION

The Industrial Development Board:

(a) Took note of the information contained in document IDB.25/CRP.2;

(b) Decided to adopt the following provisional agenda for its twenty-sixth session:

1. Adoption of the agenda
2. Report of the Programme and Budget Committee
   - (a) Report of the External Auditor, financial performance report and programme performance report for the biennium 2000-2001
   - (b) Financial situation of UNIDO
   - (c) Financial regulations
   - (d) Mobilization of financial resources
   - (e) Transition to a single currency system

3. Programmatic review, including system-wide issues

   (a) UNIDO participation in major international events

   (b) Implementation of medium-term programme framework, 2002-2005, including field representation and technology foresight*

   (c) Biotechnology global forum

4. Medium-term programme framework, 2004-2007*

5. Personnel matters

6. Provisional agenda and date of the twenty-seventh session

7. Adoption of the report

(c) Decided to hold its twenty-sixth session from 19 to 21 November 2002.

4th plenary meeting
16 May 2002

---

* To be considered also by the Programme and Budget Committee at its eighteenth session.

Annex II

DOCUMENTS SUBMITTED TO THE BOARD AT ITS TWENTY-FIFTH SESSION

Symbol	Agenda item	Title
IDB.25/1	2	Provisional agenda
IDB.25/1/Add.1	2	Annotated provisional agenda
IDB.25/2	3	*Annual Report 2001*
IDB.25/2/Add.1	3	*Annual Report 2001*. Programme performance report. List of technical cooperation activities
IDB.25/3	6	UNIDO involvement in major international conferences. Report by the Director-General
IDB.25/4	5	Investment and Technology Promotion Offices. Report by the Director-General
IDB.25/5	7	Joint Inspection Unit activities relevant to UNIDO. Report by the Director-General
IDB.25/6	4	Financial situation of UNIDO. Report by the Director-General
IDB.25/7	8	Applications from non-governmental organizations for consultative status. Note by the Director-General
IDB.25/8	4	Proposed payment plan for Azerbaijan. Note by the Secretariat
		Conference room papers
IDB.25/CRP.1	2	List of documents
IDB.25/CRP.2	9	Provisional agenda and date of the twenty-sixth session. Note by the Director-General
IDB.25/CRP.3	4	Transition to a single currency system. Note by the Secretariat
IDB.25/CRP.4	4	Financial Regulations of UNIDO. Note by the Secretariat
IDB.25/CRP.5	5	Investment and Technology Promotion Offices. Note by the Secretariat
IDB.25/CRP.6	4	Update on the financial situation. Note by the Secretariat
IDB.25/CRP.7	3	Status of the integrated programmes. Note by the Secretariat
IDB.25/CRP.8	3	Proposal of Japan for a UNIDO strategy paper. Note by the Secretariat
IDB.25/CRP.9 and Corr.1	-	List of participants

Distr.
GENERAL

GC.10/3
25 November 2002

United Nations Industrial Development Organization

ORIGINAL: ENGLISH

GENERAL CONFERENCE

Tenth session
Vienna, 1-5 December 2003

REPORT OF THE INDUSTRIAL DEVELOPMENT BOARD ON THE WORK OF ITS TWENTY-SIXTH SESSION

(19-21 November 2002)

CONTENTS

		Paragraphs	*Page*
Introduction		1 - 2	2
Chapter			
I.	ORGANIZATIONAL AND PROCEDURAL MATTERS	3 - 15	2
II.	REPORT OF THE PROGRAMME AND BUDGET COMMITTEE (item 2)	16- 21	3
	A. Report of the External Auditor, financial performance report and programme performance report for the biennium 2000-2001	17	3
	B. Financial situation of UNIDO	18	3
	C. Financial regulations	19	4
	D. Mobilization of financial resources	20	4
	E. Transition to a single currency system	21	4
III.	PROGRAMMATIC REVIEW, INCLUDING SYSTEM-WIDE ISSUES (item 3); MEDIUM-TERM PROGRAMME FRAMEWORK, 2004-2007 (item 4)	22 - 26	4
	A. UNIDO participation in major international events	23	4
	B. Implementation of medium-term programme framework, 2002-2005, including field representation and technology foresight	24	4
	C. Global biotechnology forum	25	4
	D. Medium-term programme framework, 2004-2007	26	4
IV.	PERSONNEL MATTERS (item 5)	27	4
V.	CONSULTATIONS WITH NON-MEMBER STATES (item 6)	28	4

For reasons of economy, this document has been printed in a limited number. Delegates are kindly requested to bring their copies of documents to meetings.

V.02-59946 (E)

Distr.: 9 January 2003

		Paragraphs	*Page*
VI.	PROVISIONAL AGENDA AND DATE OF THE TWENTY-SEVENTH SESSION (item 7)	29	4
VII.	ADOPTION OF THE REPORT (item 8)	30	5
VIII.	CLOSURE OF THE SESSION	31	5

Annexes

I.	Decisions adopted by the Board at its twenty-sixth session	6
II.	Documents submitted to the Board at its twenty-sixth session	12

Introduction

1. The report of the Industrial Development Board on the work of its twenty-sixth session is presented to the General Conference in accordance with Article 9.4 (c) of the Constitution. The summary records of the Board (IDB.26/SR.1-6), where the details of the proceedings are contained, form an integral part of the present report.

2. The following decisions of the Board, reproduced in annex I, are related to the work of the General Conference at its tenth session:

IDB.26/Dec.3	Financial situation of UNIDO
IDB.26/Dec.4	Proposed payment plan for Azerbaijan

I. ORGANIZATIONAL AND PROCEDURAL MATTERS

3. The twenty-sixth session of the Board was held at UNIDO Headquarters, Vienna International Centre, from 19 to 21 November 2002 (6 plenary meetings—see IDB.26/SR.1-6).

Participation

4. The following 51 of the 53 members of the Board were represented at the session: Algeria, Austria, Belgium, Bolivia, Burkina Faso, Chile, China, Colombia, Côte d'Ivoire, Croatia, Cuba, Denmark, Ecuador, Egypt, Ethiopia, France, Germany, Ghana, Greece, Guatemala, Hungary, India, Indonesia, Iran (Islamic Republic of), Ireland, Italy, Japan, Jordan, Kenya, Lesotho, Libyan Arab Jamahiriya, Luxembourg, Morocco, Nigeria, Pakistan, Peru, Philippines, Republic of Korea, Russian Federation, Saudi Arabia, Spain, Sri Lanka, Sudan, Sweden, Switzerland, Thailand, Tunisia, Turkey, United Kingdom of Great Britain and Northern Ireland, Uruguay, Venezuela.

5. The following 40 Member States of UNIDO also participated in the session: Afghanistan, Angola, Argentina, Azerbaijan, Bosnia and Herzegovina, Brazil, Cameroon, Cape Verde, Cyprus, Czech Republic, Democratic People's Republic of Korea, Finland, Iraq, Kuwait, Lebanon, Lithuania, Madagascar, Malaysia, Mexico, Mozambique, Namibia, Netherlands, New Zealand, Oman, Panama, Poland, Portugal, Romania, Rwanda, Senegal, Sierra Leone, Slovakia, South Africa, Uganda, Ukraine, United Arab Emirates, Viet Nam, Yemen, Yugoslavia, Zimbabwe.

6. The Holy See participated as observer.

7. The following United Nations bodies were represented: United Nations—Joint Inspection Unit, United Nations Development Programme, United Nations Office at Vienna.

8. The following United Nations specialized agencies were represented: Food and Agriculture Organization of the United Nations, International Atomic Energy Agency, World Trade Organization.

9. The following other intergovernmental organizations were represented: African Union, Economic Cooperation Organization, European Union, International Centre for Genetic Engineering and Biotechnology, International Institute of Refrigeration, International Organization for Migration, League of Arab States, Organization of the Petroleum Exporting Countries.

10. The following non-governmental organizations were represented: AIESEC International, Association "Compagnia delle Opere", Association of Former United Nations Industrial Development Experts, Austrian Senior Experts Pool, Austro-Arab Chamber of Commerce, Institut supérieur de gestion, International Congress of Industrialists and Entrepreneurs, International Federation of Business and Professional Women, International Organization of Employers, Mountain Unlimited, Soroptimist International,

TECHLINK, Volunteers Association for International Service, World Association for Small and Medium Enterprises, World Vision International.

Opening of the session

11. The twenty-sixth session of the Board was declared open by its President, Mr. I. Horváth (Hungary).

Officers of the session

12. The other officers of the twenty-sixth session were those elected at the commencement of the first regular session in 2002: Mr. R. González Aninat (Chile), Mr. S. Shoukry (Egypt), Mr. Y. Takasu (Japan) as Vice-Presidents and Mr. M. Hamedani (Islamic Republic of Iran) as Rapporteur.

Agenda of the session

13. The Board adopted the following agenda:

1. Adoption of the agenda.
2. Report of the Programme and Budget Committee:
   (a) Report of the External Auditor, financial performance report and programme performance report for the biennium 2000-2001;
   (b) Financial situation of UNIDO;
   (c) Financial regulations;
   (d) Mobilization of financial resources;
   (e) Transition to a single currency system.
3. Programmatic review, including system-wide issues:
   (a) UNIDO participation in major international events;
   (b) Implementation of medium-term programme framework, 2002-2005, including field representation and technology foresight;
   (c) Global biotechnology forum.
4. Medium-term programme framework, 2004-2007.
5. Personnel matters.
6. Consultations with non-Member States.
7. Provisional agenda and date of the twenty-seventh session.
8. Adoption of the report.

14. The Board adopted a proposal by the President to ensure the maximum utilization of available conference-servicing resources (see annex I, decision IDB.26/Dec.1, IDB.26/SR.1, paras. 2 and 3).

15. The Board decided to set up informal, in-session consultations with the aim of facilitating the drafting of decisions and entrusted Vice-President Mr. Y. Takasu (Japan) to chair those consultations (see IDB.26/SR.2, paras. 1 and 2).

II. REPORT OF THE PROGRAMME AND BUDGET COMMITTEE (item 2)

16. The Board decided to discuss simultaneously sub-items (a) to (c) and (e) followed by sub-item (d). The debate on those sub-items is reflected in summary records IDB.26/SR.1, paragraphs 53 to 61, IDB.26/SR.2, paragraphs 24 to 72 and IDB.26/SR.5, paragraphs 17 and 18. The Board had before it the report of the Programme and Budget Committee on the work of its eighteenth session (IDB.26/13) and the documents mentioned under A to E below.

A. Report of the External Auditor, financial performance report and programme performance report for the biennium 2000-2001

17. The Board had before it the Report of the External Auditor on the accounts of the United Nations Industrial Development Organization and of the Industrial Development Fund for the financial period 2000-2001 ended 31 December 2001 (IDB.26/2) and the comments of the Director-General thereon (IDB.26/3), as well as the financial performance report for the biennium 2000-2001 submitted by the Director-General (IDB.26/5) and the programme performance report for 2001 which is included in the Annual Report 2001 (IDB.25/2 and Add.1). The Board considered a draft decision submitted by the President (IDB.26/L.2) and adopted decision IDB.26/Dec.2 (see annex I).

B. Financial situation of UNIDO

18. The Board had before it a report by the Director-General on the financial situation of UNIDO (IDB.26/9), a report by the Director-General on a proposed payment plan for Azerbaijan (IDB.26/16), an addendum thereto containing paragraph 7 of the draft payment plan (IDB.26/16/Add.1) as well as a conference room paper on the financial situation of UNIDO (IDB.26/CRP.2) submitted by the Secretariat. The Board considered two draft decisions submitted by the President (IDB.26/L.3 and IDB.26/L.11) and adopted decisions IDB.26/Dec.3 and IDB.26/Dec.4 (see annex I).

C. Financial regulations

19. The Board took note of the entry contained in the annotated agenda (IDB.26/1/Add.1) that no further meetings of the Intersessional working group on proposed amendments to the financial regulations were scheduled.

D. Mobilization of financial resources

20. The Board had before it a report by the Director-General on mobilization of financial resources for UNIDO programmes (IDB.26/6), as well as information contained in the Annual Report 2001 on financial resources—funds mobilization (IDB.25/2, chap. V.A) and on project approvals under voluntary contributions (IDB.25/2, Appendix B). The Board considered a draft decision submitted by the President (IDB.26/L.4) and adopted decision IDB.26/Dec.5 (see annex I).

E. Transition to a single currency system

21. The Board had before it a note by the Secretariat on transition to a single currency system (IDB.26/4). The Board considered a draft decision submitted by the President (IDB.26/L.5) and adopted decision IDB.26/Dec.6 (see annex I).

III. PROGRAMMATIC REVIEW, INCLUDING SYSTEM-WIDE ISSUES (item 3); MEDIUM-TERM PROGRAMME FRAMEWORK, 2004-2007 (item 4)

22. The Board decided to discuss simultaneously item 3, including sub-items (a) to (c), and item 4. Under item 3, the Board had before it two conference room papers, one on status of the integrated programmes (IDB.26/CRP.4) and one on technical cooperation: role and responsibilities of United Nations entities (IDB.26/CRP.5). The debate on those items is reflected in summary records IDB.26/SR.2, paragraphs 3 to 9, IDB.26/SR.3, paragraphs 1 to 114 and IDB.26/SR.4, paragraphs 1 to 69.

A. UNIDO participation in major international events

23. The Board had before it, under item 3 (a), a report by the Director-General on programmatic review, including system-wide issues: UNIDO participation in major international events (IDB.26/12 and Corr.1).

B. Implementation of medium-term programme framework, 2002-2005, including field representation and technology foresight

24. The Board had before it, under item 3 (b), a report by the Director-General on implementation of medium-term programme framework, 2002-2005 (IDB.26/7 and Corr.1) and a note by Japan on improved UNIDO programme delivery (IDB.26/15). The Board considered a draft decision submitted by the President (IDB.26/L.8) and adopted decision IDB.26/Dec.7 (see annex I).

C. Global biotechnology forum

25. The Board had before it, under item 3 (c), a note by the Secretariat on global biotechnology forum (IDB.26/10). The Board considered a draft decision submitted by the President (IDB.26/L.9) and adopted decision IDB.26/Dec.8 (see annex I).

D. Medium-term programme framework, 2004-2007 (item 4)

26. The Board had before it, under item 4, proposals of the Director-General for the medium-term programme framework, 2004-2007 (IDB.26/8) and a note by Japan on improved UNIDO programme delivery (IDB.26/15). The Board considered a draft decision submitted by the President (IDB.26/L.8) and adopted decision IDB.26/Dec.7 (see annex I).

IV. PERSONNEL MATTERS (item 5)

27. The Board had before it a report by the Director-General on personnel matters (IDB.26/11). The debate on item 5 is reflected in summary record IDB.26/SR.5, paragraphs 1 to 16. The Board considered a draft decision submitted by the President (IDB.26/L.6) and adopted decision IDB.26/Dec.9 (see annex I).

V. CONSULTATIONS WITH NON-MEMBER STATES (item 6)

28. The Board had before it a report by the Director-General on consultations with non-Member States (IDB.26/14 and Corr.1) and a conference room paper on the same subject (IDB.26/CRP.6). The debate on item 6 is reflected in summary record IDB.26/SR.5, paragraphs 1 to 16. The Board considered a draft decision submitted by the President (IDB.26/L.10/Rev.1) and adopted decision IDB.26/Dec.10 (see annex I).

VI. PROVISIONAL AGENDA AND DATE OF THE TWENTY-SEVENTH SESSION (item 7)

29. The Board had before it a conference room paper containing a note by the Director-General on the provisional agenda and date of the twenty-seventh session (IDB.26/CRP.3). The debate on item 7 is reflected in summary record IDB.26/SR.5, paragraphs 19 to 21. The Board considered a draft decision submitted by the President (IDB.26/L.7) and adopted decision IDB.26/Dec.11 (see annex I).

VII. ADOPTION OF THE REPORT (item 8)

30. The Board considered the draft report (IDB.26/L.1) and adopted it as a whole with the understanding that the Rapporteur would be entrusted with the task of finalizing the report (see summary record IDB.26/SR.6, paras. 30 to 32).

VIII. CLOSURE OF THE SESSION

31. On 21 November 2002, at 4.25 p.m., the Board closed its twenty-sixth session (see summary record IDB.26/SR.6, paras. 33 to 45).

Annex I

DECISIONS ADOPTED BY THE BOARD AT ITS TWENTY-SIXTH SESSION

Decision No.	Title	Page
IDB.26/Dec.1	Utilization of available conference-servicing resources (IDB.26/SR.1, paras. 2 to 3)	7
IDB.26/Dec.2	Report of the External Auditor, financial performance report and programme performance report for the biennium 2000-2001 (IDB.26/SR.6, paras. 4 to 5)	7
IDB.26/Dec.3	Financial situation of UNIDO (IDB.26/SR.6, paras. 6 to 7)	8
IDB.26/Dec.4	Proposed payment plan for Azerbaijan (IDB.26/SR.6, paras. 6 to 7)	8
IDB.26/Dec.5	Mobilization of financial resources (IDB.26/SR.6, paras. 8 to 9)	9
IDB.26/Dec.6	Transition to a single currency system (IDB.26/SR.6, paras. 10 to 11)	9
IDB.26/Dec.7	Strategic guidelines "Towards improved UNIDO programme delivery" (IDB.26/SR.6, paras. 12 to 16)	9
IDB.26/Dec.8	Global biotechnology forum (IDB.26/SR.6, paras. 17 to 19)	10
IDB.26/Dec.9	Personnel matters (IDB.26/SR.6, paras. 20 to 21)	10
IDB.26/Dec.10	Consultations with non-Member States (IDB.26/SR.6, paras. 22 to 27)	11
IDB.26/Dec.11	Provisional agenda and date of the twenty-seventh session (IDB.26/SR.6, paras. 28 to 29)	11

IDB.26/Dec.1 UTILIZATION OF AVAILABLE CONFERENCE-SERVICING RESOURCES

The Industrial Development Board, with the aim of utilizing the available conference-servicing resources to the maximum possible effect, decided to suspend with immediate effect rule 32 of its rules of procedure relating to the quorum, for the meetings of its twenty-sixth session only and provided no substantive decisions were taken at those meetings.

1st plenary meeting
19 November 2002

IDB.26/Dec.2 REPORT OF THE EXTERNAL AUDITOR, FINANCIAL PERFORMANCE REPORT AND PROGRAMME PERFORMANCE REPORT FOR THE BIENNIUM 2000-2001

The Industrial Development Board:

(a) Took note of the report of the External Auditor on the accounts of the United Nations Industrial Development Organization and of the Industrial Development Fund and trust funds for the financial period 2000-2001 ended 31 December 2001 (IDB.26/2);

(b) Also took note of the Director-General's comments on the report of the External Auditor (IDB.26/3);

(c) Welcomed the positive assessment made by the External Auditor, which, inter alia, states that the financial statements reflect properly the recorded financial transactions for the biennium ended 31 December 2001 and present fairly, in all material respects, the Organization's financial position as at 31 December 2001 and that the Organization had achieved relevance, financial stability, improved technical cooperation and delivery and quality of services through more focused activities during the last four years (IDB.26/2, annex I and para. 136);

(d) While acknowledging that the External Auditor had not found any specific weakness or violation of internal controls, misconduct or undue behaviour in the field, took note of the concerns expressed by the Auditor that the Internal Oversight Group was not in a position to perform intensive as well as extensive systematic reviews as required (paras. 96, 97 and 129 of the report);

(e) Bore in mind that the Joint Inspection Unit had recommended in its report JIU/REP/98/2 that the legislative organs request the executive heads to submit a consolidated annual summary report, as distinct from individual reports, on internal oversight activities;

(f) With regard to the External Auditor's recommendations pertaining to internal oversight, requested the Director-General:

(i) To inform the Industrial Development Board of major internal oversight activities on the weaknesses of systems, procedures and related internal controls as called for under financial rule 109.39, including issues addressed, accomplishments achieved, a summary of recommendations made and status of action taken, through the Annual Report of the Director-General on the activities of the Organization;

(ii) To inform the External Auditor as "cases of presumptive fraud" of any fraud-oriented investigation undertaken by the Internal Oversight Group;

(iii) To strengthen the internal oversight function, in a systematic manner, inter alia, through an improved staffing profile with as much independence as practicable, in order to ensure proactive reviews of all operations of the Organization to assess compliance, economy and efficiency and effectiveness of systems, procedures and related internal controls, including the engagement of experts, procurement of equipment and sub-contracting under technical cooperation activities;

(iv) To report to the Board at its twenty-seventh session on the implementation of the above request pertaining to internal oversight;

(g) With regard to other important aspects of the External Auditor's report, further requested the Director-General to report to the Board at its twenty-seventh session in more detail on efforts to meet the recommendations of the External Auditor, in particular:

(i) On measures taken to increase fraud awareness and to combat fraud (paras. 92-99 of the report);

(ii) With regard to UNIDO's offices at New York and Geneva (para. 128), also in response to the need for closer cooperation with the European Commission and the EuropeAid Co-operation Office in Brussels;

(h) Requested the External Auditor:

(i) To include in future reports a table with the key recommendations, in order to increase the clarity and action-oriented nature of the reports;

(ii) To submit each year in time for the appropriate Programme and Budget Committee session a short interim report on the activities carried out by the External Auditor and any recommendations resulting therefrom, bearing in mind that the External Auditor can only certify the accounts at the end of the biennium;

(i) Requested the Director-General:

(i) To submit proposals to the Programme and Budget Committee at its nineteenth session to deal with the problem of UNIDO's After-Service Health Insurance liabilities in the event of a United Nations-wide solution not being forthcoming;

(ii) To differentiate in future financial performance reports between unutilized balances that are a result of cost-saving measures undertaken, lack of resources, delivery problems and the like;

(iii) To complete the table mentioned in paragraph (h) (i) above by explaining the response to these recommendations by the time of the following session of the Programme and Budget Committee.

6th plenary meeting
21 November 2002

IDB.26/Dec.3 FINANCIAL SITUATION OF UNIDO

The Industrial Development Board:

(a) Took note of the information provided in document IDB.26/9;

(b) Also took note of the information contained in chapter VI and annex II of that document on the implementation of General Conference decision GC.9/Dec.10;

(c) Urged those Member States and former Member States that had not yet paid their assessed contributions, including advances to the Working Capital Fund and prior years' arrears, to do so without delay;

(d) Requested the Director-General to pursue his efforts and contacts with Member States to effect the collection of arrears;

(e) Requested the Secretariat to ascertain from other organizations in the United Nations system information as to the incentives and disincentives in place with regard to the payment of assessed contributions as well as to the linking of such incentives and disincentives to services provided and to report thereon to the Committee at its nineteenth session;

(f) Recommended to the General Conference at its tenth session to allow the Secretariat to use for integrated programmes or country service frameworks each country's share and amount of the unencumbered balances of appropriations, income from new Member States and interest income in excess of budgetary estimates, as specified in decision GC.9/Dec.10, if no response had been received by 31 December 2003 from the concerned States on the use of those funds amounting to €840,818, as contained in annex II to document IDB.26/9;

(g) Requested the Director-General to send a final reminder to those Member States that had not yet replied, informing them of the present decision.

6th plenary meeting
21 November 2002

IDB.26/Dec.4 PROPOSED PAYMENT PLAN FOR AZERBAIJAN

The Industrial Development Board:

(a) Recalled the Constitution of the Organization and the financial regulations in place, last amended by GC.9/Dec.14;

(b) Also recalled the report of the open-ended discussion group on timely payment of assessed contributions (IDB.19/12 and Corr.1), in particular paragraphs 13 and 14, which had provided that normally the repayment period should not exceed five years;

(c) Further recalled Board decisions IDB.19/Dec.5 and IDB.25/Dec.6;

(d) Noted the information in documents IDB.25/8, IDB.26/16 and Add.1;

(e) Welcomed the commitment of Azerbaijan to settle its arrears;

(f) Decided to approve the payment plan negotiated with Azerbaijan as outlined in document IDB.26/16 and Add.1;

(g) Took note, without prejudice to paragraph (b) above, of the terms of the payment plan and encouraged Azerbaijan to pay regularly its instalments in line with the conditions therein;

(h) Recommended to the General Conference to consider positively the request of Azerbaijan for the restoration of voting rights in accordance with Article 5.2 of the Constitution of UNIDO.

6th plenary meeting
21 November 2002

IDB.26/Dec.5 MOBILIZATION OF FINANCIAL RESOURCES

The Industrial Development Board:

(a) Took note of the information contained in document IDB.26/6;

(b) Decided to delegate to the Director-General the authority to approve projects for financing under the Industrial Development Fund in 2003 and 2004 in accordance with the priorities defined in the medium-term programme framework, 2002-2005 (GC.9/Res.2);

(c) Urged all Member States to pay their assessed contributions to the regular budget in full and on time, so that UNIDO could develop and implement its programmes in an efficient manner;

(d) Encouraged Member States and other financial sources to increase their voluntary contributions to UNIDO;

(e) Also encouraged the donor community and other sources of financing to consider contributing programmable funds, specifically to enable UNIDO to implement the integrated programmes or country service frameworks, as well as to support an efficient development and eventual implementation of new initiatives within the mandate given to the Director-General in the medium-term programme framework, 2002-2005;

(f) Encouraged Governments of recipient countries to play a more active role in assisting UNIDO within their means to mobilize funds for jointly developed integrated programmes or country service frameworks and other high-priority activities, and specifically to assist in identifying and accessing funds available at the country level, including cost-sharing arrangements, and funds from bilateral donors, UNDP, and from the World Bank and other development finance institutions;

(g) Requested the Director-General in due time to enter into dialogue with all Member States on new initiatives within the framework and priorities of the medium-term programme framework, 2002-2005, including their financial implications, and promote them in the international development context especially in international conferences and other forms of dialogue.

6th plenary meeting
21 November 2002

IDB.26/Dec.6 TRANSITION TO A SINGLE CURRENCY SYSTEM

The Industrial Development Board:

(a) Took note of the information provided in document IDB.26/4 on the transition to a single currency system, and in particular of the problems faced;

(b) Noted with satisfaction that the Director-General had begun to take steps towards the full implementation of the single currency system based on the euro;

(c) Requested the Director-General to find solutions to the problems in implementation identified in document IDB.26/4 and to keep Member States regularly informed of further developments.

6th plenary meeting
21 November 2002

IDB.26/Dec.7 STRATEGIC GUIDELINES "TOWARDS IMPROVED UNIDO PROGRAMME DELIVERY"

The Industrial Development Board:

(a) Recalled General Conference resolution GC.7/Res.1 of 4 December 1997 endorsing the Business Plan on the Future Role and Functions of UNIDO, which remains the basis of UNIDO's organizational and programmatic transformation;

(b) Also recalled General Conference resolution GC.9/Res.2 of 7 December 2001 concerning the medium-term programme framework, 2002-2005;

(c) Took note of the information provided in document IDB.26/8 concerning the medium-term programme framework, 2004-2007;

(d) Emphasized the importance for UNIDO to strive continuously for efficient and effective programme delivery in order to gain better recognition and stronger support in the international community;

(e) Welcomed the initiative of Japan, which had led to the formulation of strategic guidelines aimed at improving UNIDO's programme delivery;

(f) Adopted the strategic guidelines "Towards improved UNIDO programme delivery", as contained in document IDB.26/15, as an important contribution to the efforts to make UNIDO a more efficient and effective organization, and in particular for the formulation and implementation of the medium-term programme frameworks, 2002-2007;

(g) Requested the Director-General to take the strategic guidelines fully into account when implementing the medium-term programme framework, 2002-2005, and when developing his proposals for the medium-term programme framework, 2004-2007, and preparing his proposals for the programme and budgets, 2004-2005;

(h) Also requested the Director-General to draw attention to the strategic guidelines during the consultations with non-Member States that the Board at its twenty-fifth session had requested him to begin with a view to encouraging them to join/rejoin the Organization (IDB.25/Dec.2);

(i) Further requested the Director-General to keep Member States regularly informed and to report thereon to the Board.

6th plenary meeting
21 November 2002

IDB.26/Dec.8 GLOBAL BIOTECHNOLOGY FORUM

The Industrial Development Board:

(a) Took note of the proposal by the Government of Chile to host a Global Biotechnology Forum in December 2003 and to take adequate measures towards its successful implementation;

(b) Requested the Secretariat to take care that the priorities of the Forum were clearly related to UNIDO's mandate as indicated in the medium-term programme framework, 2002-2005, taking into account the ongoing normative activities in other relevant international forums;

(c) Also requested the Secretariat to keep Member States regularly informed of the work of the high-level Steering Committee and the preparatory process;

(d) Encouraged interested Member States to work with UNIDO, inter alia, through the regional preparatory meetings and discussions with the Secretariat, to ensure that the Forum had realistic objectives and produced useful outcomes;

(e) Further encouraged interested Member States to consider providing financial or other support to the Forum and/or the regional preparatory meetings;

(f) Requested the Director-General to report the key outcomes of the Forum in time for the first Industrial Development Board in 2004. The report should focus on those aspects that are clearly relevant to UNIDO's mandate;

(g) Requested the Industrial Development Board to examine proposals by the Secretariat to follow up those outcomes of the Forum that fell within UNIDO's mandate, with a view to seeking the formal support of Member States.

6th plenary meeting
21 November 2002

IDB.26/Dec.9 PERSONNEL MATTERS

The Industrial Development Board:

(a) Took note of the information contained in document IDB.26/11;

(b) Noted the amendments made in pursuance of staff regulation 13.3 to schedule I of the staff regulations in order to bring it into conformity with the decision of the General Assembly set out in resolution 56/244;

(c) Also noted the amendments to staff rules 103.10, 103.12 and appendices A, C and M to the staff rules;

(d) Further noted the revision of the 300 series of the staff rules and the introduction of appointments of limited duration;

(e) In accordance with General Conference decision GC.9/Dec.19 (c), elected the following members and alternate members of the UNIDO Staff Pension Committee for the remainder of the biennium 2002-2003:

Members:	Mr. Cédric Janssens de Bisthoven (Belgium)
	Mr. Mlulami M. L. Singaphi (South Africa)
Alternate Members:	Mrs. Vesna Vukovic (Croatia)
	Mr. Tanmaya Lal (India).

6th plenary meeting
21 November 2002

IDB.26/Dec.10 CONSULTATIONS WITH NON-MEMBER STATES

The Industrial Development Board:

(a) Recalled its decision IDB.25/Dec.2 concerning consultations with non-Member States;

(b) Took note of the information provided by the Director-General in documents IDB.26/14 and Corr.1 and IDB.26/CRP.6;

(c) Acknowledged the contribution that could be made by Member States through bilateral consultations with non-Members;

(d) Requested the Director-General to hold close and regular informal consultations with interested Member States to assist him in his consultations with non-Member States with a view to widening the membership of the Organization;

(e) Also requested the Director-General to report on the progress made to the Board at its twenty-seventh session.

6th plenary meeting
21 November 2002

IDB.26/Dec.11 PROVISIONAL AGENDA AND DATE OF THE TWENTY-SEVENTH SESSION

The Industrial Development Board:

(a) Took note of the information contained in document IDB.26/CRP.3;

(b) Decided to adopt the following provisional agenda for its twenty-seventh session:

1. Election of officers.
2. Adoption of the agenda.
3. Annual report of the Director-General for 2002 on the activities of the Organization.
4. Report of the Programme and Budget Committee:
   (a) Interim report of the External Auditor, financial performance report and programme performance report for the biennium 2002-2003;
   (b) Financial situation of UNIDO;
   (c) Scale of assessments for apportionment of the regular budget expenses;
   (d) Working Capital Fund for the biennium 2004-2005;
   (e) Financing of UNIDO programmes, including new initiatives for funds mobilization;
   (f) Transition to a single currency system;
   (g) Special accounts arising from decision GC.9/Dec.14;
   (h) Follow-up to report of the External Auditor for the biennium 2000-2001;
   (i) Appointment of an External Auditor.
5. Programme and budgets, 2004-2005.
6. Implementation of medium-term programme framework, 2002-2005, including:
   (a) Update on preparations for the biotechnology forum;
   (b) Field representation.
7. Medium-term programme framework, 2004-2007.
8. International Centre for Science and High Technology.
9. Activities of the Joint Inspection Unit.
10. Personnel matters.
11. Consultations with non-Member States.
12. Matters related to intergovernmental, non-governmental, governmental and other organizations.
13. Preparations for the tenth session of the General Conference.
14. Provisional agenda and date of the twenty-eighth session.
15. Adoption of the report.

(c) Decided to hold its twenty-seventh session from 26 to 28 August 2003.

6th plenary meeting
21 November 2002

Annex II

DOCUMENTS SUBMITTED TO THE BOARD AT ITS TWENTY-SIXTH SESSION

Symbol	Agenda item	Title
IDB.26/1	1	Provisional agenda
IDB.26/1/Add.1	1	Annotated provisional agenda
IDB.26/2	2 (a)	Report of the External Auditor on the accounts of the United Nations Industrial Development Organization and of the Industrial Development Fund for the financial period 2000-2001 ended 31 December 2001
IDB.26/3	2 (a)	Comments of the Director-General on the report of the External Auditor
IDB.26/4	2 (e)	Transition to a single currency system. Note by the Secretariat
IDB.26/5	2 (a)	Financial performance report for the biennium 2000-2001. Submitted by the Director-General
IDB.26/6	2 (d)	Mobilization of financial resources for UNIDO programmes. Report by the Director-General
IDB.26/7 and Corr.1	3 (b)	Implementation of medium-term programme framework, 2002-2005. Report by the Director-General
IDB.26/8	4	Medium-term programme framework, 2004-2007. Proposals of the Director-General
IDB.26/9	2 (b)	Financial situation of UNIDO. Report by the Director-General
IDB.26/10	3 (c)	Global biotechnology forum. Note by the Secretariat
IDB.26/11	5	Personnel matters. Report by the Director-General
IDB.26/12 and Corr.1	3 (a)	Programmatic review, including system-wide issues: UNIDO participation in major international events. Report by the Director-General
IDB.26/13	2	Report of the Programme and Budget Committee on the work of its eighteenth session
IDB.26/14 and Corr.1	6	Consultations with non-Member States. Report by the Director-General
IDB.26/15	3 (b) and 4	Implementation of medium-term programme framework, 2002-2005. Medium-term programme framework, 2004-2007. Towards improved UNIDO programme delivery: [Strategic guidelines for the medium-term programme frameworks] [Strategic guidelines for the formulation and implementation of the medium-term programme frameworks, 2002-2007]. Note by Japan
IDB.26/16	2 (b)	Financial situation of UNIDO. Proposed payment plan for Azerbaijan. Report by the Director-General
IDB.26/16/Add.1	2 (b)	Financial situation of UNIDO. Proposed payment plan for Azerbaijan. Report by the Director-General. Addendum
		Conference room papers
IDB.26/CRP.1	1	List of documents
IDB.26/CRP.2	2 (b)	Financial situation of UNIDO. Note by the Secretariat
IDB.26/CRP.3	7	Provisional agenda and date of the twenty-seventh session. Note by the Secretariat
IDB.26/CRP.4	3	Programmatic review, including system-wide issues. Status of the integrated programmes. Note by the Secretariat

Symbol	Agenda item	Title
IDB.26/CRP.5	3	Programmatic review, including system-wide issues. Technical cooperation: Role and responsibilities of United Nations entities. Note by the Secretariat
IDB.26/CRP.6	6	Consultations with non-Member States. Report by the Director-General
IDB.26/CRP.7	-	List of participants